

#### Members

Sen. James Merritt, Chairperson  
Sen. Marvin Riegsecker  
Sen. Robert Jackman  
Sen. James Lewis  
Rep. Jerry Denbo  
Rep. Ben GiaQuinta  
Rep. Ron Liggett, Vice-Chairperson  
Rep. Gloria Goeglein  
Rep. Thomas Saunders  
Rep. David Wolkins  
Sen. Rose Antich  
Sen. Lindel Hume



## INTERIM STUDY COMMITTEE ON BUREAU OF MOTOR VEHICLE ISSUES

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Authority: Legislative Council Resolution 99-1  
(Adopted May 26, 1999)

### MEETING MINUTES<sup>1</sup>

Meeting Date: September 9, 1999  
Meeting Time: 1:30 P.M.  
Meeting Place: Meeting Room, Indiana State Police  
Motor Carrier Division, 5252 Decatur  
Blvd., Suite J,  
Meeting City: Indianapolis, Indiana  
Meeting Number: 4

**Members Present:** Sen. James Merritt, Chairperson; Sen. Marvin Riegsecker; Sen. James Lewis; Rep. Jerry Denbo; Rep. Ron Liggett, Vice-Chairperson; Rep. Gloria Goeglein; Rep. Thomas Saunders; Sen. Lindel Hume.

**Members Absent:** Senator Robert Jackman; Rep. Ben GiaQuinta; Rep. David Wolkins; Senator Rose Antich.

Senator Merritt, Chairperson of the Interim Study Committee on Bureau of Motor Vehicle Issues called the meeting to order at 1:47 p.m. He welcomed the Committee and visitors to the meeting. He introduced Gary Gibson, the Commissioner of the Bureau of Motor Vehicles (BMV), who thanked the Committee for participating in the process of reviewing

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

the Bureau of Motor vehicles that is so vital to the citizens of Indiana. Senator Merritt asked the BMV for a presentation concerning the financial aspects of the Pine Valley (Ft. Wayne) and Nashville license branches.

#### Financial aspects of Pine Valley and Nashville License Branches

Vincent Harrington, Deputy Commissioner of the Finance Division of the BMV provided a Revenue and Expense Summary to the Committee, with figures pertaining to the two branches specifically and to all branches (see Exhibit A). He reminded the Committee that to look at the figures without explanation can be misleading; there are many factors that affect the total expenses and expenses per transaction. He explained the categories that the Bureau calls the "Big Five Transactions": vehicle registrations, vehicle titles, driver's licenses, watercraft registrations, and watercraft titles. The Bureau determines expenses by transaction by taking expenses divided by the number of transactions. There is no tracking by cost expense in place. Nashville does more watercraft transactions than other branches, and he pointed out that the branch receives no income from processing the watercraft transactions. Revenue at the Nashville branch could increase as much as \$47,000 a year if there were some fee for these transactions. Senator Riegsecker asked about the kind of services being provided and the charges, and Commissioner Gibson stated that the question would be addressed at the next meeting. Senator Hume asked if the figures included the money that is collected for the Motor Vehicle Highway Account. Deputy Commissioner Harrington replied that the figures only include those monies that go to the branches. Chairperson Merritt asked about the lease negotiations with reference to the License Branch Tours booklet given to the Committee at the earlier meeting. He noted that the Nashville lease goes through 2002 and the Ft. Wayne lease through 2009. He wondered if there was any set method of determining the duration of leases, or if there was a reason as to the difference in length of lease. Deputy Commissioner Harrington replied that all lease negotiations are different. He mentioned that the office in Pine Valley needed a number of remodeling changes made in order to be used as a license branch, and a result of making the changes, the longer lease was negotiated. The branch in Nashville has been in the same building for a number of years, and was re-negotiated with no cost of bidding.

Commissioner Gibson added that since he has been in his position, the BMV has developed a tighter boilerplate lease that is accepted by most landlords. The lease tries to standardize items that were not set in the leases in earlier times, and the leases now include an "out" clause.

Representative Liggett asked why the BMV is leaning towards leases rather than erecting its own buildings. He wondered if there had been discussions in the Bureau about this issue. Commissioner Gibson noted that his understanding was that in the late 1980s, the State began to divest itself of real estate. The Department of Administration asked agencies to begin to rid themselves of property. He remarked that the upkeep on a building adds a considerable amount to the cost of running an office. Representative Liggett further questioned the leasing process for the license branch in Albany, Indiana. He stated that no one locally seemed to know of the bidding process, and that he felt that it had not been a competitive process. Deputy Commissioner Harrington replied that he was not in his job position when the lease was negotiated, and he is not aware of the negotiations of that lease. He reminded the Committee that state law now requires that license branches be located in downtown areas when possible (IC 4-13-1.1). District and branch managers are involved in the leasing process, as they are local personnel and are aware of possible sites. The Bureau also sends out letters to landlords asking for potential sites when it is looking for a new lease.

Senator Merritt stated that he had been very impressed with the two branches and the individuals running the branches. In answer to a question from Senator Riegsecker, Commissioner Gibson stated that about 30 to 33% of all branch transactions are done by mail. Next to the Internet, it is the most efficient method of transaction.

#### Discussion of Issues Regarding Commercial Drivers' License and the Trucking Industry

Jim Poe, Administrator of the Motor Carrier Services Division of the Indiana Department of Revenue, welcomed the group to the "One Stop Shop" facility. This facility is the only one of its type in the country, begun after a study by Purdue University in the late 1980's showed that it was necessary. It is funded by \$0.01 of tax of each gallon of diesel fuel sold in Indiana. Four agencies (the Utility Regulatory Commission, Department of Revenue, Bureau of Motor Vehicles, and Department of Transportation) are grouped together in one location to serve the needs of the transportation industry. He introduced Jerry Huber, who gave a presentation regarding the Motor Carrier Services. According to Mr. Huber, the four agencies in Indiana are linked with CVISN (Commercial Vehicle Information Systems Network), a network consisting of states, Federal agencies, industry, and other providers of services. Those entities now can all share information through electronic means. The goal is to be able to provide all permits and services through the Internet and actually do away with the need for drop-in services at the Motor Carrier Services Division. Senator Hume noted the tremendous reliance on computers in this process and asked Mr. Poe if the computers were Y2K compliant; Mr. Poe believes that they are.

The next speaker was Claudia Mellott of the Motor Carrier Division of the Indiana Department of Revenue. Ms. Mellott gave the Committee reading material entitled The Commercial Driver's License Program (see Exhibit B) and a brief overview of the history of the Commercial Motor Vehicle Safety Act, passed by Congress in 1986. Each state was required to adopt standardized testing to mirror the on-license concept. The states had until March 31, 1992 to issue the first Commercial Driver's Licenses (CDLs); drivers could be 'grandfathered' if they had experience in driving in the category in which they wished to be licensed. A driver who wished to drive interstate also needed to have passed a Department of Transportation (DOT) physical; if the driver did not pass, intrastate driving was allowed with a "K" restriction noted on the license. In 1994 and later years, a medical exam was required each year to keep the license. A medical advisory board can be consulted if there is a question about the fitness of the applicant to receive the license. Representative Liggett asked a question concerning school bus drivers in his district. The district borders the state line and drivers may have to drive into Ohio to turn around; would these drivers need an interstate license? Ms. Mellott answered that they would; a driver with a restricted grandfathered license could not drive into Ohio. She told the Committee that those with a restricted license can have the restriction removed if they can pass the DOT physical. Senator Hume asked about an agricultural waiver; Ms. Mellott stated that a person who wanted to drive seasonally for a co-op could have a license for 180 days, but still would have to pass the DOT physical.

Kenny Cragen, with the Indiana Motor Truck Association (IMTA), spoke in favor of the "one-stop shop" process. The IMTA appreciates the convenience to the industry. The industry is assessed over \$7 million a year in fuel tax.

The Committee then split into two groups, one led by Mr. Poe, and one by Captain Thomas Melville of the Indiana State Police Motor Carrier Division. The two groups toured both the Department of Revenue operations and the State Police Motor Carrier Division. Both leaders answered questions about the operations raised by the two groups.

### Discussion of Issues Regarding License Plates

After the Committee had reassembled, Chairperson Merritt thanked Mr. Poe and Captain Melville for the tours. Marty Murphy of the Bureau of Motor Vehicles furnished the Committee with a handout entitled License Plate Costs as of September 8, 1999 (see Exhibit C). He spoke to the group about the changes in the Iowa plates: it is the first state to begin flat plate technology, and the BMV would prefer to let another state work out any problems before it goes to that process and material. At this time, due to state law, the flat plate technology would still be prison produced. Senator Riegsecker asked Mr. Murphy about inventory waste in the current system; Mr. Murphy replied that the county indicator does lead to some waste, but the unused plates can be recycled. Commissioner Gibson commented that plate purchasers did not seem to mind the wait to receive the special recognition license plates. Senator Hume asked the Commissioner if it were possible to derive a lesser cost of manufacturing the plates, would this reduce the expenses. The Commissioner pointed out that the Bureau of Motor Vehicles pays for the plates, not the Commission. Representative Saunders asked the representatives in attendance from the Department of Corrections, PEN products Division, how that agency can operate at a profit and sell products at a profit to the Bureau of Motor Vehicles, which is then criticized for showing a loss. Mike Jones, Controller of PEN Products replied that PEN products is not funded by the legislature. Even through the inmate workers are paid only \$0.50 per hour, there are still overhead and machinery costs to pay.

Mr. Murphy stated that the statutory provision for reissuance of license plates after five years seems to correlate with technology, as the life of a plate is questionable much beyond five years. He reminded the Committee that one does not have to renew a county designated plate in the home county.

Chairperson Merritt stated that the topic of the next meeting would be a presentation from Commissioner Gibson regarding the infrastructure of the BMV and the Bureau of Motor Vehicles Commission. Chairperson Merritt reminded the group that he has asked the Legislative Council for a one year extension of the Committee and for more funding for the 1999 year; the Council will meet on September 23. Chairperson Merritt is reluctant to schedule the next meeting of this Committee until he has a decision from the Legislative Council. A short discussion then ensued regarding uninsured drivers and resulting legislation in other states.

Chairperson Merritt adjourned the meeting at 4:05 p.m.